



Epsilon Energy Ltd. Announces Share Repurchase Plan

Concord, Ontario – September 29, 2008 – Epsilon Energy Ltd. ("**Epsilon**"), today announced that it has received Toronto Stock Exchange ("**TSX**") approval to a Notice of Intention to commence a normal course issuer bid through the facilities of the TSX, permitting Epsilon to repurchase, for cancellation, up to 2,000,000 of the 51,315,323 common shares that are currently issued and outstanding. This represents 3.8% of the issued and outstanding common shares. The average daily trading volume for the six months prior to the date of this bid is 285,006 common shares. The bid will commence on October 1, 2008, and run until the earlier of the date on which purchases under the bid have been completed and September 30, 2009.

These purchases are to be made through the facilities of the TSX in accordance with its policy statements on normal course issuer bids. The price, which Epsilon will pay for any common shares, will be the market price at the time of acquisition plus brokerage fees. Purchases may commence on October 1, 2008, and will terminate no later than September 30, 2009.

To the knowledge of the directors and officers of Epsilon, no director or officer, associate of a director or officer of Epsilon, no person acting jointly or in concert with Epsilon nor any person holding 10 percent or more of the common shares has any present intention to sell common shares during the period of the normal course issuer bid. Epsilon has not previously purchase any of its common shares.

Epsilon believes that the market price of the shares does not fully reflect the value of its business and its future business prospects and represents an attractive investment opportunity, and that consequently purchases under the bid will enhance long-term value for its remaining shareholders.

About Epsilon Energy Ltd.

Epsilon is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in the Middle East, Africa and North America:

- Republic of Yemen: Epsilon has a 57.14% paying interest and a 50% undivided interest in the Block 41 Production Sharing Agreement, which covers approximately 5,600 sq. km onshore.
- Democratic Federal Republic of Ethiopia: Epsilon has signed a study agreement covering 154,871.53 sq. km with the option to acquire oil & gas concessions for the entire area or portions thereof.
- North America: Epsilon has producing properties in West Virginia, New York and Ohio and is focused on additional exploration and development projects targeting the Marcellus Shale in the Appalachian Basin the United States, Bakken Oil Shale in the Saskatchewan province of Canada and the Utica Shale in the Quebec province of Canada.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Forward-Looking Statements

Certain statements contained in this news release constitute forward looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements are based on reasonable assumption but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this news release should not be unduly relied upon.

Special note for news distribution in the United States

The securities described in the news release have not been registered under the United States Securities Act of 1933, as amended, (the “1933 Act”) or state securities laws. Any holder of these securities, by purchasing such securities, agrees for the benefit of Epsilon Energy Ltd. (the “Corporation”) that such securities may not be offered, sold, or otherwise transferred only (A) to the Corporation or its affiliates; (B) outside the United States in accordance with applicable state laws and either (1) Rule 144(as) under the 1933 Act or (2) Rule 144 under the 1933 Act, if applicable.